

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

**KONINKLIJKE PHILIPS ELECTRONICS
N.V. and U.S. PHILIPS CORPORATION,**

Plaintiffs,

v.

**ENTERTAINMENT DISTRIBUTION
COMPANY (USA) LLC;
ENTERTAINMENT DISTRIBUTION
COMPANY; UNIVERSAL MUSIC
GROUP, INC.; UMG MANUFACTURING
& LOGISTICS, INC.; JAMES CAPARRO,
an individual; JORDAN COPLAND, an
individual; and John Does No. 1 through
100,**

Defendants.

Case No. 08-cv-4070 (SCR)

**KONINKLIJKE PHILIPS ELECTRONICS N.V. AND U.S. PHILIPS CORPORATION'S
ANSWER AND DEFENSES TO UMG MANUFACTURING & LOGISTICS, INC.'S
COUNTERCLAIMS**

Plaintiffs Koninklijke Philips Electronics N.V. and U.S. Philips Corporation (collectively "Philips") by and through their undersigned counsel, hereby respond to the Counterclaims for Declaratory Judgment of Defendant UMG Manufacturing & Logistics, Inc. ("UMGML") as follows:

EXISTENCE OF ACTUAL CONTROVERSY

1. Philips admits that UMGML purports to allege a claim for declaratory judgment under 28 U.S.C. §§ 2201(a) and 2202. Except as so admitted, Philips denies any remaining allegations in Paragraph 1 of UMGML's Answer and Counterclaims.

2. Philips admits that an actual controversy exists between Philips and UMGML as to whether the '846 patent is valid, enforceable, and infringed by UMGML. Except as so

admitted, Philips denies any remaining allegations in Paragraph 2 of UMGML's Answer and Counterclaims.

THE PARTIES

3. Philips is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 3 of UMGML's Answer and Counterclaims, but Philips does not deny those allegations because they are admissions by UMGML.

4. Philips admits that Koninklijke Philips Electronics N.V. is a corporation organized under the laws of The Netherlands with a place of business in Amsterdam, The Netherlands.

5. Philips admits that U.S. Philips Corporation is a corporation organized under the laws of Delaware with places of business at 3000 Minuteman Rd., M/S 109, Andover, MA 01810, and at 345 Scarborough Rd., Briarcliff Manor, New York. Except as so admitted, Philips denies any remaining allegations in Paragraph 5 of UMGML's Answer and Counterclaims.

JURISDICTION AND VENUE

6. Philips admits that jurisdiction in this Court is proper, and does not deny that this Court has jurisdiction over UMGML. Except as so admitted, Philips denies any remaining allegations in Paragraph 6 of UMGML's Answer and Counterclaims.

7. Philips admits that jurisdiction in this Court is proper. Except as so admitted, Philips denies any remaining allegations in Paragraph 7 of UMGML's Answer and Counterclaims.

8. Philips admits that venue in this district is proper. Except as so admitted, Philips denies any remaining allegations in Paragraph 8 of UMGML's Answer and Counterclaims.

COUNT I

9. Philips incorporates its responses in Paragraphs 1-8 as if fully set forth herein in response to Paragraph 9 of UMGML's Answer and Counterclaims.

10. Philips denies the allegations of Paragraph 10 of UMGML's Answer and Counterclaims.

11. Philips denies the allegations of Paragraph 11 of UMGML's Answer and Counterclaims.

12. Philips denies the allegations of Paragraph 12 of UMGML's Answer and Counterclaims.

13. Philips denies that UMGML is entitled to the relief it seeks, and therefore denies the allegations of Paragraph 13 of UMGML's Answer and Counterclaims.

COUNT II

14. Philips incorporates its responses in Paragraphs 1-13 as if fully set forth herein in response to Paragraph 14 of UMGML's Answer and Counterclaims.

15. Philips denies the allegations of Paragraph 15 of UMGML's Answer and Counterclaims.

16. Philips denies the allegations of Paragraph 16 of UMGML's Answer and Counterclaims.

17. Philips denies the allegations of Paragraph 17 of UMGML's Answer and Counterclaims.

18. Philips denies that UMGML is entitled to the relief it seeks, and therefore denies the allegations of Paragraph 18 of UMGML's Answer and Counterclaims.

EXCEPTIONAL CASE

19. Philips denies the allegations of Paragraph 19 of UMGML's Answer and Counterclaims, and denies that UMGML is entitled to the relief it seeks.

UMGML'S REQUEST FOR RELIEF

20. Philips denies that UMGML is entitled to the relief it seeks in its Request for Relief.

PHILIPS' DEFENSES

21. In addition to the defenses set forth below, Philips reserves the right to allege additional defenses as they become known through the course of discovery.

22. UMGML's Counterclaims are barred in whole or in part because they fail to state a claim on which relief can be granted.

23. UMGML's claims are barred in whole or in part because UMGML has not suffered, and will not suffer, any detriment, injury, or damage.

24. UMGML's claims are barred for the reasons set forth in the First Amended Complaint.

PHILIPS' PRAYER FOR RELIEF

WHEREFORE, Philips requests entry of judgment in its favor and against UMGML as follows:

A. That UMGML's Counterclaims and all claims asserted against Philips be dismissed with prejudice;

B. Enter judgment granting Philips the relief requested in its First Amended Complaint; and

C. Award Philips such other and further relief as this Court may deem just and appropriate.

DEMAND FOR JURY TRIAL

Philips demands a jury trial on all issues and claims so triable.

Date: July 21, 2008

/s/ Christopher J. Houpt

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Certificate of Service

I hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF).

/s/ Christopher J. Houghton